

**CORRECTED**  
**MINUTES OF THE**  
**JOINT HEALTH AND HUMAN SERVICES APPROPRIATION SUBCOMMITTEE**  
Thursday, January 22, 2004, 2:00 p.m.  
Room 131 State Capitol

Members Present:            Sen. Sheldon L. Killpack, Committee Co-Chair  
                                 Rep. Jack A. Seitz, Committee Co-Chair  
                                 Sen. Paula Julander  
                                 Rep. J. Stuart Adams  
                                 Rep. Calvin G. Bird  
                                 Rep. David Litvack  
                                 Rep. Rebecca Lockhart  
                                 Rep. Roz McGee  
                                 Rep. Mike Thompson

Members Excused:        Sen. Leonard Blackham

Staff Present:             Spencer C. Pratt, Legislative Fiscal Analyst  
                                 Thor Nilsen, Legislative Fiscal Analyst  
                                 Norda Shepard, Secretary

Public Speakers Present:   Dr. Scott Williams, Executive Director, Department of Health  
                                 Michael Hales, Director, CHIP  
                                 George Delavan, Director, Division of Community and Family Health Services  
                                 Robin Arnold-Williams, Executive Director, Department of Human Services  
                                 Rich Schwermer, Assistant Director, Administrative Office of Courts  
                                 Kim Wirthlin, Assistant Vice-President, University of Utah  
                                 Michael Deily, Director, Division of Health Care Financing  
                                 Lori Uttley, Secretary, Kurt Oscarson Fund

A list of visitors and a copy of handouts are filed with the committee minutes.

The meeting was called to order by Co-Chair Seitz at 2:15 p.m.

Rep. Seitz welcomed everyone and explained the format of meeting for the year. He stated the first three meetings would entail discussing issues pertaining to the Department of Health, with public testimony taken during the fourth meeting. Meetings for the Department of Human Services will follow the same format, three meetings for hearings and a fourth meeting for public testimony. He indicated it was the goal of the co-chairs to start the meetings on time. He explained that this year meetings will be held on Monday, Wednesday, and Thursday with no Friday meetings.

Co-chair Seitz distributed copies of a letter received from the Executive Appropriations Committee chairs stating that the prior year's allocations are being appropriated to appropriations subcommittees. He stated this committee will work with that amount and if more funds are allocated after February 16, they can be used to fund priority lists. He encouraged committee members to make a priority list. Committee members and staff were introduced and a calendar of scheduled meetings was distributed. Rep. Seitz reminded anyone handing out information to the committee to make sure the secretary has a copy to include with the minutes.

The Governor's Office of Planning and Budget distributed budget bulletins for both the Department of Health and the Department of Human Services.

## **1. Budget Overview - Department of Health**

Fiscal Analyst Spencer Pratt gave an overview of the proposed budget for the Department of Health. He stated that all state agencies have experienced budget cuts over the past two years. He drew attention to the graph on page 6, Tab 6, of the Budget Analysis FY2005 book which shows an increase for the Department of Health. He explained that this increase all went to the Medicaid Program due to inflation, increased caseload growth and utilization. He said that during a weak economy with increased unemployment, more people become eligible for Medicaid services. The analyst's recommended budget for FY2005 from General Funds for the Department of Health is \$263,677,400. More detailed information for each division is contained in the Budget Analysis. He explained the format of the Budget Analysis book shows a small history, the current year's budget and the analyst's recommended budget for FY2005 for each division.

Mr. Pratt reviewed results from last year's intent language requesting a breakdown between costs of administration and services delivered, which shows 5.5% administration, 3.3% indirect services, and 91.2% direct services for the Department. Individual division breakdowns within the Department are shown under their respective tabs. He stated that the 2003 Legislature did not continue intent language for outcome measures, but the Department and the analysts find the reports valuable and a copy is included for the committee's information in the Budget Analysts Book behind the "DOH Outcome Measurements" tab.

Mr. Pratt highlighted some of the issues addressed throughout the Budget Analyst Book. The Primary Care Grant Program awarded a \$15,000 grant to Salt Lake School District for a school health clinic at the Rose Park Elementary School. The clinic will be reporting to the Department of Health on the use of those funds. He indicated there is a non-lapsing balance of \$663,766 in the Tobacco Settlement Account which carried forward to 2004. On Tab 12, page 4, the analyst is recommending the committee discuss and consider for putting on the priority list for additional funding the eREP Eligibility System, which is a new computer system developed by the Department of Workforce Services to help the Department in its eligibility determination. The Department is requesting one time funding of \$812,000, \$238,000 from the General Fund.

He indicated that the Medicaid Program Intent Language concerning reductions or additions, Tab 13, page 7, is now a part of statute due to HB 126, Medicaid Benefit Amendments, so it is no longer needed as intent language. The intent language stating that the goal of improving oral health will be difficult without funding. Mr. Pratt stated the critical funding issues concerning Medicaid will be the federal match rate changes, inflationary increases and utilization/caseload increases. These will be difficult to address without additional funding from the Executive Appropriation Committee. He said the state is required not to fund inflation but is required to insure access to Medicaid service and without additional funding we are about to the point where we will see providers say they cannot afford to take Medicaid patients anymore because of the reimbursements. He said if the state offers services, it has to insure access and a little bit of improvement in the reimbursement rates would hopefully alleviate that problem.

## **2. Statutory Reports: Tobacco Report - CHIP**

Dr. Scott Williams, Executive Director, Department of Health, stated that in the statute that allocates settlement funds from the Tobacco Trust Funds there are four major priorities; first, CHIP; second, Tobacco prevention and control; third, Drug Courts and Drug Boards; and fourth, the Board of Regents. He said that in FY2002, the Legislature replaced \$2 million of General Fund in the Department of Health with \$2 million of tobacco funds for immunizations, cancer, heart disease and health promotion.

Michael Hales, Director, CHIP, gave a background of CHIP. It is a joint federally-funded/state-funded program that insures children up to the age of 19 whose household incomes are less than 200% of the federal poverty level. It is structured to be comparable to the public employee health plan. During FY2003, CHIP was able to insure an average of 24,000 children per month. For FY2004, CHIP had \$7 million from the Tobacco Settlement Program which allowed the division to draw down an additional \$28 million of federal funding. This allowed it the ability to

restore the dental benefits and insure an additional 4000 children during the year. The fiscal analyst is recommending this same funding for FY2005. Mr. Hales answered questions from committee members regarding eligibility requirements and enrollment methods.

### **3. Statutory Reports: Tobacco Report - Department of Health**

George Delavan, Director, Division of Community and Family Health Services, distributed two handouts: "Tobacco Prevention and Control in Utah Annual Report Highlights" from August 2003 and a report on Community and Family Health Services' use of \$2 million of Tobacco Settlement Funds in FY2003. He indicated there is a web site, [www.tobaccofreeutah.org/tpcpfy03report.pdf](http://www.tobaccofreeutah.org/tpcpfy03report.pdf), if more detailed information is desired. He indicated that tobacco is the leading cause of preventable death and disease in the United States. He explained the prevention approach that is being used in the media campaign targets three areas: helping tobacco users quit; protecting people from secondhand smoke; and preventing youth from using tobacco. He reported the changes in tobacco use since this campaign has been going on. Adult use has declined by 9% and youth (high school students in grades 9-12) use has declined by 26%. More than 14,700 calls have been received in the Tobacco Quit Line. A number of school districts have received funding to implement comprehensive tobacco prevention programs in their schools. Also, the media program has reached a significant number of people about the problems with secondhand smoke.

He discussed the second handout which shows how \$2 million of the fund has been spent in immunization programs (\$965,000); cancer control (\$430,900); heart disease and stroke program (\$394,600) and the Health Promotion Bureau (\$273,100). The immunization program allows the department to supply vaccine to children who are under insured, as well as some elderly population groups. The cancer control program provides breast and cervical cancer screening clinics around the state, with about 8,000 women being screened. It also does outreach concerning colon cancer, skin cancer and media information about skin protection techniques and early screening for skin cancer and colon cancer. The Heart Disease and Stroke Program addresses programs related to promoting good nutrition and physical activity in schools, in work sites, and in the community in general to help prevent the major risk factors for heart disease and stroke and to help deal with the epidemic of increasing obesity. The Health Promotion Bureau Management oversees ten prevention programs that focus on prevention of chronic diseases, as well as injuries and violence, which are the major causes of the disease and disability in the country.

Dr. Williams pointed out that prior to 2002 these programs were already in place and were funded with state general funds so this is not new activity, just a new source of funding. Now there are no other state funds in these programs except the tobacco funds.

### **4. Statutory Reports: Drug Courts**

Robin Arnold-Williams, Executive Director, Department of Human Services, said that she and Rich Schwermer, Assistant Director, Administrative Office of Courts, would speak for the four divisions involved with funding Drug Courts. She distributed a sheet outlining Drug Court Treatment Allocations for four years. She said they always get requests for more funding than they are able to issue. She stated there are 25 operating drug courts within the state, 16 of which are funded by the Department. There is at least one operating drug court in each judicial district. There are nine adult felony drug courts, three juvenile drug courts and three dependency drug courts. In many of the rural areas all three are combined in one court.

Mr. Schwermer said the tobacco settlement is divided in a unique way with the intent language that came with the original bill. The money is divided based on what portion of the need the resources goes to treatment, testing and case management, which is about 87% of the funds. The other 13% goes to the courts to provide for the greatly expanded role of the judges and court clerks in these cases. He explained that in a drug court the judge may see the defendant 30 or 40 or more times. He said Utah is on the cutting edge and a national leader in the kind of drug court in operation. He said drug courts are effective and are cost saving down the road. He said describing them does not do them justice. He invited committee members to attend a drug court and said he would be happy to arrange for committee members to see a session or a graduation.

Rep. Thompson stated he feels the drug courts are a great program and thanked the courts for work they do. He said all committee members should witness the results of the drug courts.

#### **5. Statutory Reports: State Board of Regents**

Kim Wirthlin, Assistant Vice-President, University of Utah, distributed a letter from the University of Utah Health Science reporting on Tobacco Settlement Expenditures FY2003. She explained that the University of Utah Health Sciences Center received \$4 million of the Tobacco Settlement Funds to be used for the health and well being of Utah citizens through in-state research, treatment, and educational activities. In FY2003 these funds were allocated to 9 cancer research labs, the Clinical Trials Office, various cancer research services, the Huntsman Cancer Information Service, which provides information on all aspects of cancer, the Huntsman Cancer Learning Center, cancer prevention and outreach programs, the Utah Cancer Registry and bond payment to finance a portion of a \$105 million research hospital. She stated a learning center is now open in Utah County and they are working to expand throughout the state. She stated the Utah Cancer Registry actively supports investigator initiated research throughout the state and inter-mountain west. The new cancer research hospital will open in June next to the Huntsman Cancer Institute and will be a remarkable facility for cancer patients. She said committee members will be invited to an open house before the opening in June.

#### **6. Statutory Reports: Prescription Drug Assistance Program**

Mr. Hales reported that in the last Legislative session there was a bill sponsored by Sen. Evans to create a program that would make citizens more aware of existing patient assistance programs provided by pharmaceutical companies that are available to lower income individuals without insurance or who have a difficult time paying for prescription drugs. The Department of Health has hired two staff members who man telephone lines to respond to people who call in with questions about how they can be put in touch with these pharmaceutical assistance programs. They have also completed a mailing to all pharmacies in the state of a prescription drug assistance program information tear sheet that is available to the public which contains the toll free phone numbers. The program is intended to be a referral system and the Department does not help with filling out the forms but can refer callers to community organizations that may be able to offer the needed help.

Dr. Williams stated that there are about 40 different assistance programs so it can be difficult for an individual or physician to figure out where they might be able to get aid. This program allows them to get this information at one place. The Department is also working with the pharmaceutical industry to come up with a single form to make it more simple.

#### **7. Statutory Reports: Medicaid Drug Program**

Michael Deily, Director, Division of Health Care Financing, distributed Utah Medicaid Proposed Drug Program Update. He stated that HB 126, passed in 2003, authorized a study of the Medicaid drug program. He said the report he distributed is a result of studies to adopt a Preferred Drug List. He said the report focuses on what other states are doing and on the costs involved. He said the focus of the report should be on what other states are doing and on administrative costs. He reported that 25 states have implemented Preferred Drug programs and a state by state summary of their programs is included in the report. He also reported that there has been some litigation in challenge to PDLs but the states have prevailed.

Dr. Williams said the PDL Pilot involves just a few drugs to test the concept. He said they would start with a few high cost drugs that are believed to have acceptable lower alternatives. They would implement the program to see how it works and then make a decision from there whether to continue to expand or to fall back.

It was reported that the Executive Appropriations Committee moved to encourage the Department to not proceed with the implementation of the PDL. It is being held by the Department of Health and it will not proceed without further approval.

**8. Statutory Reports: Children's Organ Transplant Committee**

Dr. Williams distributed a fiscal report from the Kurt Oscarson Children's Organ Transplant Coordinating Committee. He reported revenues for this program come from tax returns where people can check a box to donate to this fund. The total donations to this program since 1993 has been \$755,946. The funds are used for assisting with transplant associated expenses for families who have had children who have had transplants. It does not fund the transplant itself. He said there is a great amount of expense after a transplant for co-pays, drugs, in-home nursing care and things the family needs to have funded in order to complete the service related to the transplant and may not have the money to pay. Lori Uttley, Committee Secretary, answered questions from committee members concerning requirements. She said families submit invoices for the medical expenses they have and she reviews them to make sure proper payments are made. She said payments are not made until families apply and are approved for services.

**9. Statutory Reports: Organ Donation Contribution Fund**

Dr. Williams distributed a report from the Organ Donation Contribution Fund and stated that this is a fund established to promote organ donations, maintain and operate a statewide organ donation registry and provide donor awareness education. He said when people register their automobile or obtain a driver's license they have the opportunity to pay a \$2 donation into this fund. He said it is specified in statute that this fund goes to an organization that meets certain criteria. There is only one organization in Utah that meets that criteria and that is the Intermountain Donor Services, which provides services at Intermountain Health Care and University of Utah. Questions were asked about the \$10,066 Tax Commission fee, some feeling it was excessive, and Dr. Williams said he would contact the Tax Commission concerning the matter.

MOTION: Sen. Julander moved to adjourn. The motion passed unanimously.

Co-Chair Seitz adjourned the meeting at 4:14 p.m.

Minutes reported by Norda Shepard, Secretary.

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Sen. Sheldon L. Killpack  
Committee Co-Chair

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Rep. Jack A. Seitz  
Committee Co-Chair

